

FISCAL NOTE

Bill #: SB0156

Title: Revise license plate number assignment to reflect census

Sponsor: Mike Sprague

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
General Fund	\$88,128	\$1,272,313
Federal Special Revenue	2,600	2,600
Revenue:	\$0	\$0
Net Impact on General Fund Balance:	(\$90,728)	(\$1,274,913)

There is a significant fiscal impact anticipated as this bill will involve a reissue of the State of Montana license plates due to proposed revision of the license plate numbering assignment to reflect the census. In addition, a new plate design and revision in the current plate numbering system would be required in order for the Montana Highway Patrol to distinguish valid registered motor vehicles. The reissue would involve over two (2) million plates being issued as the reissue of plates to the new numbering system along with the usual yearly issue of plates would be going on at the same time.

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Department of Corrections (DOC)

1. The newly designed number plates will be for issuance after January 1, 2002, to replace at renewal, as required in 61-3-312, MCA, and 61-3-314, MCA, number plates that were displayed on motor vehicles at that date.

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2. The number assigned to each county of the state will be in accordance with the county's population as determined by the 2000 census, with the most populous county being assigned the number "1". The DOC shall review the results of the census every 30 years and adjust the county numbering system accordingly.
3. In order to facilitate the re-issue of State of Montana license plates and to aid the Montana Highway Patrol in identifying valid license plates, a change in design from the present 90 re-issue plate is assumed to be required. The numbering system of plates and use of alpha characters would have to be reviewed to eliminate plate duplication whether or not the state goes to a new plate design. Other than the initial costs associated with a new plate design there would not be a significant production cost difference between continuing with the 90 re-issue design and a new design for this bill. In the past all costs associated with license plate design have been incurred by the Department of Justice (DOJ), Motor Vehicle Division.
4. It appears that not all current plate designs are being addressed in this bill (personalized plates, amateur radio) but it is assumed that any plate involved with this bill would be on the same plate design.
5. Based on projections received from the registrars bureau and Montana Correctional Enterprises (MCE) historical records of production, it is anticipated that approximately 1.8 million (1,800,000) plates would be involved with the re-issue and another 500,000 plates would be involved with normal yearly plate production. Of this total 2,255,000 would be large plates and the remaining 45,000 would be small plates. In FY 1990 and FY 1991 the State of Montana had a re-issue of plates and approximately 2.3 million plates were produced at that time for a total cost of \$2,792,216. Of this total \$1,864,639 was related to the re-issue with the remaining amount related to normal license plate production.
6. Plate production during the years for this bill would involve the re-issue of plates as well as the usual plate production to meet the yearly demands. License plate production costs for the regular plate production would be in the base budget for the license plate factory. Costs associated with the re-issue are what are being reflected in this fiscal note. Costs basically involve supervisor overtime, increased inmate pay, supplies and materials expense, increased utility expense, increased repair and maintenance, other expense and equipment/storage costs.
7. In order to meet the requirements of this bill, plate selection design would have to be completed by July 1, 2000 and plate production at the MCE license plate facility would have to begin no later than January 1, 2001. Any delay in these dates may delay the start and completion of license plate production to comply with the provisions of this bill. As a result, the cost for this bill is in FY2001 and FY2002.
8. Equipment upgrades would be required to produce the number of plates in this bill. Projected costs are \$150,000 for press and plate cutter with the equipment needed to be in place by November 1, 2000. Existing equipment is old and in continual repair. A repair and maintenance contingency of approximately \$30,000 each year is requested, with monies not used to be reverted.
9. In order to continue production on an uninterrupted basis, some of the materials would have to be on hand by January 1, 2001. Storage on the last re-issue was a major problem both at the license plate factory and for the registrar's bureau. It would be proposed that a small storage shed-type building be constructed at the license plate location to address these concerns for approximately \$7,500.
10. The majority of expense associated with this bill would be in aluminum and scotchlite needs to produce the plates, with supplies including hinge die inserts, paint rollers, boxes, janitorial supplies, etc.
11. Overtime would be required for the supervisors at \$6,000 per year and the number of inmates employed would be increased from the usual 12 to 15 to approximately 20 inmates with a yearly cost of \$5,000.
12. Aluminum needs for this re-issue are anticipated to be approximately 460,465 pounds based on production of 4.3 plates per pound and a 10% inventory/plate estimate adjustment. At a projected cost of \$1.10 per pound anticipated costs are \$506,512, with 60% of the materials to be purchased in the first year of production.

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13. Scotchlite needs for this re-issue are anticipated to be approximately 1,151 rolls based on production of 1,721 plates per roll and a 10% inventory/plate estimate adjustment. At a projected cost of \$1,105 per roll anticipated costs are \$1,271,858, with 60% of the materials to be purchased in the first year of production.
14. Boxes for the production are anticipated to be approximately 21,758 based on production of 91 plates per box with a 10% inventory/plate estimate adjustment. At a projected cost of \$.45 per box anticipated costs are \$9,791 in the first year of production
15. Other supplies needed are projected at approximately \$20,000/year and include gloves, janitorial supplies, hinge dies and inserts, solvents and oils, and various miscellaneous items used in license plate production
16. Utility costs are projected to increase approximately \$13,000/year over the base budget.
17. Other expense is projected to increase approximately \$2,000/year over the base budget.
18. It is not anticipated that double shifts for production would be used unless equipment breakdowns of a significant nature were experienced and resulted in a delay in plate production.
19. Costs for FY 2001 for item #8 (repair and maintenance) #11, #15, #16, #17 and #18 represent only one half of the projected costs because production is for half of the year. For FY 2002 these cost projections are included at the full amount.
20. No costs are being reflected below in FY 2000 as production would not be ready until FY 2001
21. Total cost for the re-issue is projected at \$2,059,661 with costs to be incurred over two biennia. Costs for FY 2001 are \$1,272,313. FY 2002 costs would be \$787,348. Average costs of large license plates in FY 1995 to FY 1998 are approximately \$1.13 per plate. Cost of this proposal is approximately \$1.14 per plate with the difference mainly due to the equipment, projected increase in supplies cost, and extra repair and maintenance cost.

Department of Justice

22. The Motor Vehicle Division operates two computer applications for managing the state vehicle title and registration function and its drivers' licensing function. Both computer applications are large, complex mainframe systems. The title and registration system alone consists of approximately 400 interrelated programs and includes modules and tables with approximately 44 million records in the database. The driver licensing/control system, while smaller, is similarly complex. The programs in both applications are dependent upon the existing county numbering system. The systems in both applications provide a lot of historical statistics that would have to be changed to accurately track the data contained in the databases. Passage of this bill would require that all of the programs in both applications be re-written to track data by county name instead of number.
23. All computer system access to both applications is controlled by a security logon assigned to each individual operator. The assigned logon ID is composed of a prefix, the county number, and an operator number. This logon ID is utilized for tracking fees, taxes, work completed by each operator, and other statistics. Passage of this bill would require that a new logon identification system be developed and that each logon for more than 190 county motor vehicle employees be changed.
24. Changing the programs in both applications to track by county name will have a substantial effect on the cost of operating both applications, increasing the amount of computer time required to run the programs.
25. Database storage costs would be significantly increased because instead of storing two digits, storage of the county identifiers in every database record or file record would be increased to 22 characters. Reports would take longer to run and would cost more because of the size of the county identifiers.
26. No data is available to the agency to estimate the future costs of the impacts on daily operating expenses related to these changes in the computer programs in both computer applications.
27. It will be necessary to contract for programming with an outside vendor since programming staff is committed to complying with Y2K needs. One-time expenses for programming changes are projected to

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cost \$72,000 plus \$16,128 for increased computer processing charges generated during programming and system testing, or a total of \$88,128. (960 hours x \$75/hour = \$72,000 + \$16,128 = \$88, 128)

28. Due to the complexity and magnitude of these programming changes and the fact that this act applies to the registration of motor vehicles and license plates issued after December 31, 2001, it would be necessary to allocate these efforts and the associated costs over the FY 2000 – FY 2001 biennium.

29. It should be noted that in calendar year 2002 operating expenses (such as postage, printing, warehouse storage, and freight distribution) would increase approximately \$36,300 to cover the costs of distribution of the new license plates that would be required by the passage of this bill.

30. During calendar 1998, the division issued 1,707,113 license plates. The average annual increase in the number of license plates issued each year is approximately 1%. Therefore, it is estimated that approximately 1,776,429 license plates will need to be manufactured and distributed in 2002.

31. Future general fund revenues in FY 2002 and FY 2003 would be increased approximately \$2 million due to the \$2 fee charged for the issuance of new plates.

Department of Labor and Industry

32. If county codes are changed to reflect Year 2000 census figures, the current federal Job Training Partnership Act database, that utilizes county codes to access participant information, would require some re-programming.

33. Contracted services is calculated based on estimated 40 hours of programming at a cost of \$65 per hour (using an existing contract for participant information system programming as the basis).

FISCAL IMPACT:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Department of Justice		
<u>Expenditures:</u>		
Operating Expenses	\$88,128	\$0
<u>Funding:</u>		
General Fund (01)	\$88,128	\$0
Department of Corrections		
<u>Expenditures:</u>		
Personal Services	\$0	\$5,500
Operating Expenses	0	1,109,313
Equipment	0	<u>157,500</u>
TOTAL	\$0	\$1,272,313
<u>Funding:</u>		
General Fund (01)	\$0	\$1,272,313
Department of Labor		
<u>Expenditures:</u>		
Operating Expenses	\$ 2,600	\$2,600

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Funding:

Federal Special Revenue (03)	\$ 2,600	\$2,600
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<u>Revenues:</u>	\$0	\$0
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Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	(\$88,128)	(\$1,272,313)
Federal Special Revenue (03)	(2,600)	(2,600)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Department of Corrections

Depending on the number of vehicles that are involved with the plate re-issue, county revenue will be effected based on the revenue distributed to counties. Counties will incur costs of implementing the re-issue at their country treasurer office.

Department of Justice

Tracking and distribution of information related to the changes in county identifier numbers could have a significant impact on the counties.

LONG-RANGE IMPACTS:

Department of Corrections

Production of the re-issue related to this bill would continue in FY 2002 at a cost of \$787,348: \$11,000 is personal services and \$776,348 is operating costs.

Department of Justice

Future confusion regarding the changing of county identification numbers could be significant. Tracking of historical statistics would be complicated.

It should be noted that in calendar year 2002, operating expenses (postage, printing, warehouse storage, and freight distribution) would increase approximately \$36,300 to cover the costs of distribution of the new license plates that would be required by the passage of this bill.

TECHNICAL NOTES:

Department of Corrections

1. License Plate equipment at this time is very old and will be a critical factor in production of license plates
2. Design of a new plate or the mechanism of how the plate number scheme will be used is at the direction of the Motor Vehicle Division.
3. Re-issue of license plates will affect the Montana Highway Patrol
4. If actual plates involved with the re-issue are dramatically higher than the projection then a supplemental appropriation may be needed.